



Joint Legislative Audit Committee  
Office of the Auditor General

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**FINANCIAL AUDIT REPORT  
CALIFORNIA ENVIRONMENTAL  
PROTECTION PROGRAM FUND  
YEAR ENDED JUNE 30, 1979**

REPORT TO THE  
CALIFORNIA LEGISLATURE

REPORT **F-140**

REPORT OF THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

140

FINANCIAL AUDIT REPORT  
CALIFORNIA ENVIRONMENTAL PROTECTION  
PROGRAM FUND  
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



# California Legislature

## Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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S. FLOYD MORI  
CHAIRMAN

November 21, 1980

140

The Honorable Speaker of the Assembly  
The Honorable President pro Tempore of the Senate  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the California Environmental Protection Program Fund, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Merrill Tompkins, CPA; Philip Jelich; and James McAlister.

Respectfully submitted,

S. FLOYD MORI  
Chairman, Joint Legislative  
Audit Committee

Attachment

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
AUDITOR'S OPINION	2
FINANCIAL STATEMENTS	
BALANCE SHEET	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	4
NOTES TO THE FINANCIAL STATEMENTS	5
SUPPLEMENTAL INFORMATION	6
COMPARISON OF BUDGETED EXPENDITURES WITH ACTUAL EXPENDITURES (EXHIBIT 1)	7

## INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the California Environmental Protection Program Fund. This audit was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code.

The California Environmental Protection Program Fund is the depository for fees collected by the Department of Motor Vehicles at the time of initial issuance, renewal, or transfer of personalized license plates. These funds may be appropriated among various state agencies, local governments, and private research organizations to preserve and protect the environment. Such protection includes the control and abatement of air pollution generated by motor vehicles. The California Environmental Protection Fund is administered by the Secretaries of the Resources and Business and Transportation Agencies.

Legislation was approved September 27, 1979 which changed the name of the California Environmental Protection Program Fund to the California Environmental License Plate Fund. This legislation also placed the fund under the administration of the Secretary of the Resources Agency.

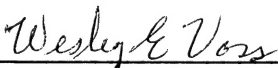
## AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the balance sheet of the California Environmental Protection Program Fund as of June 30, 1979 and the related statement of revenues, expenditures, and changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the California Environmental Protection Program Fund at June 30, 1979 and the results of operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplemental information is not necessary for a fair presentation of the financial statements but is presented as additional analytical data. The supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

  
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WESLEY E. VOSS  
Assistant Auditor General

Date: September 19, 1980

Staff: Curt Davis, CPA  
Merrill Tompkins, CPA  
Philip Jelich  
James McAlister

CALIFORNIA ENVIRONMENTAL PROTECTION  
PROGRAM FUND

BALANCE SHEET  
SPECIAL REVENUE FUND

JUNE 30, 1979

ASSETS

Cash	\$ 10,998
Deposits in Surplus Money Investment Fund (Note 2)	5,002,000
Receivables	525
Due from other funds	<u>1,112,202</u>
Total Assets	<u>\$6,125,725</u>

LIABILITIES AND FUND EQUITY

Liabilities:	
Accounts payable	\$ 173,423
Due to other funds	<u>2,784,900</u>
Total Liabilities	<u>2,958,323</u>
Fund Equity:	
Fund balances:	
Designated for continuing appropriations	813,990
Undesignated	<u>2,353,412</u>
Total Fund Equity	<u>3,167,402</u>
Total Liabilities and Fund Equity	<u>\$6,125,725</u>

The notes to the financial statements are an integral part of this statement.

CALIFORNIA ENVIRONMENTAL PROTECTION PROGRAM FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

Revenues:	
Personalized license plates	\$8,306,986
Income from Surplus Money Investment Fund	251,643
Sale of documents	<u>7,081</u>
Total Revenues	<u>8,565,710</u>
Expenditures:	
Current:	
State operations	6,334,930
Local assistance	733,702
Capital outlay	583,745
Reimbursements	<u>(299,314)</u>
Total Expenditures	<u>7,353,063</u>
Excess of Revenues over Expenditures	<u>1,212,647</u>
Other Financing Sources:	
Miscellaneous adjustments	<u>187,505</u>
Excess of Revenues and Other Sources over Expenditures	1,400,152
Fund Balance - July 1	<u>1,767,250</u>
Fund Balance - June 30	<u><u>\$3,167,402</u></u>

The notes to the financial statements are an integral part of  
this statement.



CALIFORNIA ENVIRONMENTAL PROTECTION PROGRAM FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and the results of operation of the California Environmental Protection Program Fund. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The California Environmental Protection Program Fund is a Special Revenue Fund, which is used to account for specific revenues and operating expenditures earmarked for particular activities. The fund is maintained on the modified accrual basis of accounting. These are some of its more significant elements:

Income

Throughout the year, income is accounted for on a cash basis, except for certain reimbursements which are recorded when billed. At June 30, the accounts are adjusted to accrue all earned but uncollected income.

Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all expenditure commitments are accrued as expenditures, including encumbrances outstanding against budget appropriations for which no goods or services have been received.

2. DEPOSITS IN SURPLUS MONEY INVESTMENT FUND

This account shows the amount of this fund's money invested in the State's Surplus Money Investment Fund. All earnings derived from these investments are apportioned to the contributing funds. At June 30, interest due from the Surplus Money Investment Fund amounted to \$142,492.

### SUPPLEMENTAL INFORMATION

The following financial statement is not considered necessary for a fair presentation of the financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles but is presented as additional analytical data. The supplemental information has been subjected to the audit procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

On the following supplemental financial statement - Comparison of Budgeted Expenditures with Actual Expenditures - the amounts shown as budgeted expenditures reflect the Governor's Budget after allowing for adjustments by the Budget Act, interim statutory changes affecting appropriations, and authorized executive budget revisions issued during the year.

CALIFORNIA ENVIRONMENTAL PROTECTION  
PROGRAM FUND

COMPARISON OF BUDGETED EXPENDITURES  
WITH ACTUAL EXPENDITURES

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

	<u>Budget as Adjusted</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Expenditures:			
Current:			
State operations	\$6,896,106	\$6,334,930	\$ 561,176
Local assistance	735,986	733,702	2,284
Capital outlay	1,919,239	583,745	1,335,494
Reimbursements	<u>(800,000)</u>	<u>(299,314)</u>	<u>(500,686)</u>
Total Expenditures	<u>\$8,751,331</u>	<u>\$7,353,063</u>	<u>\$1,398,268</u>

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
California State Department Heads  
Capitol Press Corps